United Nations A/56/321

General Assembly

Distr.: General
23 August 2001

Original: English

Fifty-sixth session
Item 109 (a) of the provisional agenda*
Advancement of women: women in development

Women in development: access to financial resources: a gender perspective

Report of the Secretary-General**

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* A/56/150.

** The submission of this document was delayed due to the necessary coordination within the Department.

01-52037 (E) 250901

I. Introduction

1. By its resolution 42/178 of 11 December 1987, the General Assembly recognized the significant contribution of women to the overall economy and recommended the intensification of efforts to promote the integration of women into development. The Assembly also urged Governments to include measures for the involvement of women, both as agents and as beneficiaries, in national development plans, and to review the impact on women of development policies and programmes. Reports on the effective mobilization of women in development have been submitted to the General Assembly on a biennial basis for a number of years, starting at its forty-second session in 1987.

2. The most recent reports include "Gender issues in macroeconomic policy-making and development planning" (A/50/399) and "Mainstreaming a gender perspective into economic policies: a preliminary framework for action" (A/52/345). The 1999 *World Survey on the Role of Women in Development*,[1] which addressed the changing world of work in the context of globalization from a gender perspective; was prepared in accordance with General Assembly resolution 49/161 of 23 December 1994, in which the Assembly requested that the Secretary-General examine the impact of current economic trends and policies on women. It further requested that particular emphasis be given to the adverse impact of the difficult economic situation on the majority of developing countries, and particularly on the condition of women.

3. The issue of the integration of women into development was addressed in the Beijing Platform for Action.[2] It was recommended that Governments and the international community analyse policies and programmes from a gender perspective and promote women's economic opportunities and equal access to productive resources through, inter alia, women's self-employment and the development of small enterprises. It also recommended strengthening women's access to credit and capital on terms equal with those of men. Successive sessions of the Commission on the Status of Women reiterated these requests.

4. The need to improve the access of women to productive resources, including financial resources, was also addressed in the outcome document of the twenty-third special session of the General Assembly, on gender equality, development and peace for the twenty-first century.[3] The document emphasized the need for financial services more accessible to women and streamlining procedures to promote women's full participation in the development process. Subsequently, the Millennium Declaration (General Assembly resolution 55/2) called for the promotion of "gender equality and the empowerment of women as effective ways to combat poverty, hunger and disease and to stimulate development that is truly sustainable".

5. In 2002, the United Nations will convene an international event on financing for development. The objective will be to bring together policy makers from all over the world to discuss ways to enhance the mobilization of financial resources, both private and public, domestic and international, and to channel such resources towards development goals. The agenda of the event focuses on issues such as mobilization of domestic and international financial resources, including foreign direct investment; international financial cooperation for development through official development assistance; trade; debt; and systemic issues.

II. Financing for development: a gender perspective

6. Financing for development involves the efficient mobilization of domestic and international resources and their allocation. National policies — fiscal, financial and trade policies — and the institutional environment influence the decisions of economic actors and ultimately shape the mobilization and allocation of resources for development. Thus, both institutions and policies have important social and gender implications.

7. An increasing number of economists and social scientists have expressed concern that the narrow and purely economic approach to macroeconomic policies, including fiscal policies, which exclude their social and gender implications, may increase the existing gender gap and lead to widening economic disparities in society and the systemic denial of entitlements for many.[4] Furthermore, this disregard for the social outcomes of macroeconomic policies and their gender implications has a broader negative impact on the development processes, making such policies less encompassing, less participatory and less sustainable, indifferent to social costs of economic growth, including deterioration of living conditions and exclusion of various social groups.

8. Women and men are both actors and beneficiaries in development processes. However, women are rarely among the decision makers on fiscal matters at national, international or local levels. This results from the prevailing gender biases, embedded in laws, institutions and economic and political processes. Women often do not have access equal to that of men to financial resources such as credit or equities. In some countries, they do not have equal property rights, including the right to equal inheritance, which in turn denies them access to credit and ownership of assets. They cannot decide freely on their domicile, employment, or engage in economic activities in their own right. Worldwide, employed women earn on average 70-80 per cent of men's salaries. Women are involved in both paid and unpaid work. Yet their contributions often remain invisible, restricted, underestimated or unaccounted for.

9. During times of market volatility, unemployment and deteriorating social services, women's responsibilities often increase significantly. As a result, women are forced to devise coping strategies for survival, which include supplementing lost family income and substitution of daily expenses by engaging in increased unremunerated work (collecting wood, preparing food), in addition to their responsibilities as care givers, particularly for children, the sick and the elderly. The increased workload of women, especially in terms of unpaid work, affects their well-being and seriously depletes human resources available for sustainable development. By limiting their participation in economic activities, the overall contribution of women to development is restricted.

10. The negative effects of an increased workload on women's well-being and capabilities are often masked by the perceived resilience of women in difficult times. The invisibility of hardships experienced by women means that they are frequently overlooked, and this provides a false impression of the effectiveness of macroeconomic policies and development strategies.[5] In assessing the consequences of macroeconomic policies, including fiscal policies, analysis should include the impact on women at the household level, in particular on changes in living conditions and on the division of unremunerated work among women, men and children.

11. Globalization has also led to the expansion of the private sector, with new opportunities for empowerment and entrepreneurial activities. In the past decade, women's share of employment has increased significantly worldwide. The number of women entrepreneurs has been also growing.

12. The private sector — small enterprises and microenterprises,[6] in particular — is one of the most powerful vehicles of equitable growth in both developed and developing countries.[7] Women are increasingly involved in the private sector,[8] although they still tend to be concentrated in the informal sector[9] and in small enterprises and microenterprises.

13. Women represent an important and growing share of business owners in developing countries, countries with economies in transition and developed countries. Women-owned businesses account for from one quarter to one third of the total businesses worldwide. At present, 36 per cent and 33 per cent of businesses in the United States of America and Australia, respectively, are owned by women. In several countries, including the United States and Canada, the growth in the number of women entrepreneurs is far outpacing the overall number of new business in general.[10]

14. There is also an indication that loan repayment rates by women entrepreneurs are high. A study by the Sydney (Australia)-based bank Westpac showed that women are 50 per cent more reliable than men in paying off their debts, which makes the female clients more important to banks when economic growth slows.[11] In addition, the loan repayment rate of women borrowers to microcredit institutions is equal or higher than that of men.

15. Moreover, supporting women's business initiatives may have stronger spillover effects on the well-being of the household members than supporting men's. The evidence is overwhelming that women spend more of their income than men on household well-being, including children's education, nutrition and health.[12]

16. In view of the practical importance of financing the growth of the private sector as a means of economic development in the context of globalization and of the role that women play in this process, the present report focuses on women's access to financial resources, taking into account financial instruments such as bank financing, equity financing, and savings and insurance services. The report will also pay special attention to the impact of access to financial resources on the empowerment of women and a profile and situation of women entrepreneurs.

III. Women entrepreneurs

17. In spite of consistent expansion in the number of women-owned business, finance is consistently reported as the biggest obstacle to starting and expanding a business for women entrepreneurs. A survey by the Women's Business Center identifies profitability as the main concern, followed by cash flow, state of the economy, and labour costs.[10]

18. However, women business owners in developing countries and in some countries with economies in transition have certain concerns that are not shared by women in developed countries. For example, in Africa 77 per cent of women business owners state that problems related to infrastructure (roads, bridges, utilities) are very or extremely important for them, and 68 per cent perceive political instability as a major concern. In the Russian Federation, in a 1996 survey of women owners of business establishments, 90 per cent cited tax policies as an important area of concern; 81 per cent cited business laws; 66 per cent, banking system instability; and 55 per cent, corruption.[10]

19. Several considerations induce women to become entrepreneurs. They may decide to set up a part-time or full-time business as an alternative to being unemployed. This is particularly common in developing countries. Women may also become entrepreneurs as an alternative to the types of formal employment that may be available to them. These women are increasingly establishing themselves in non-traditional sectors — e.g., transport and communication, finance and real estate etc. There is evidence in both the United States of America and Canada of an increasing proportion of women in such high growth sectors. Finally, women may choose to become entrepreneurs because formal employment may not be fully compatible with family responsibilities. By starting their own business, these women entrepreneurs seek to fulfil career goals while maintaining a degree of flexibility for their family responsibilities. Examples can be found in Australia, New Zealand and Sweden.[13]

20. Many women-owned businesses share common characteristics. Most are small. In the Republic of Korea, more than 95 per cent of women-owned firms employ fewer than five people. In Mexico, approximately 97 per cent have fewer than 15 people, and in Canada, 97 per cent have fewer than 50. In addition, the majority of women-owned firms are in the service sector: more than 50 per cent, 60 per cent and 80 per cent in the United States, Australia and Canada, respectively. In Sweden, over 80 per cent of women-owned start-ups are in service industries.[14] They also tend to concentrate in less profitable sectors — for example, in a narrow range of consumer goods (garments, woven goods, processed food) and handicrafts.

21. In many countries, women-owned businesses are often unregistered and operate in the informal sector. Production takes place at home in many cases. Women-owned businesses tend to rely heavily on family workers (paid or unpaid), and the economic activity is subsidiary to family responsibilities and, in rural areas, to agriculture. In many cases, the owner/operator performs all the functions herself. The marketing and managerial functions are often embryonic. Women's control over revenues from economic activity depends on the socio-cultural and legal environment.

22. Moreover, women tend to have less managerial and entrepreneurial experience and credit history with banks than men, which often limits the growth potential and establishment of the enterprises. Women also seem to have less information than men about the possibilities for financing available to them.

IV. Women's access to financial resources and instruments

23. Women-owned businesses face constraints in accessing credit, technology, support services, land and information. The start-up and the expansion are often constrained by difficulties in raising finance, including credit, at several stages of the firm's life cycle. Such problems could arise for a number of reasons, including the general business environment for entrepreneurs in particular countries, the size and sectors in which women tend to start their business (e.g., the service and retail sectors), a lack of awareness of the financial possibilities open to them, or existing legal barriers.

24. The size of the enterprise is an important variable for getting financial resources. Small enterprises and microenterprises are typically undercapitalized. This hampers their growth potential, making them ill-equipped to face increasing domestic and international competition. The reasons for insufficient funding are fewer assets to use as collateral and smaller capital requirements. Since small loans imply higher fixed and

transaction costs for banks, small loans applications are more likely to be turned down.

25. Firms in the service sector, where women entrepreneurs tend to concentrate, rely heavily on human capital and information. These intangible assets are difficult to estimate and to use as collateral. When the entrepreneur does not have previous experience or a credit history, the cost to banks for obtaining information may exceed the returns from the loan, particularly when the size of the loan is relatively small, resulting in inadequate lending for potentially viable projects.

26. In the agricultural sector, the access of women entrepreneurs to financial resources is further constrained by the very nature of the output of their enterprises: cyclical production, with a time lag between the funding needs for inputs and the collection of revenues; high volatility of revenues due to variables that are independent from the skill of the entrepreneur; and the low profitability of agricultural production in general.[15]

27. Gender-based obstacles to accessing financial resources include, among others, discriminatory laws and policies and cultural and societal values perpetuating discrimination against women. Women still face legal discrimination in many countries with regard to the range of civil and economic rights which are critically important for undertaking various economic activities and entrepreneurship. Alternatively, the law may not discriminate against women, but traditional and customary practices do.

28. A recent survey conducted by the Organisation for Economic Cooperation and Development (OECD) in member countries and in some other countries contributes to a better understanding of the situation of women entrepreneurs.[16] According to the survey, a major obstacle faced by women entrepreneurs is the limited start-up capital at their disposal,[17] which increases the need for external financing. However, small start-up capital makes external financing difficult to obtain — since there are few resources available for collateral. Accessing funds for the expansion of established firms seems to be less of an obstacle. Gender-specific constraints are not perceived as predominant by the respondents to the survey.

29. The survey also found that women entrepreneurs are concerned about the business environment. In traditional banking credit evaluations, for example, the focus is usually on past and present performance and not on future potential, thus penalizing new entrepreneurs. In addition, for the overwhelming majority of women entrepreneurs, government policies are perceived as insufficient or ineffective in meeting their needs. Finally, training of both women entrepreneurs and of employees in financial institutions and the provision of better information on the existing financial instruments are felt to be of great importance for the growth of women-headed businesses.

30. Several financial instruments are potentially available on the market to small entrepreneurs, including women, depending on the level of development of financial markets. They can be grouped into two categories: debt financing, and equity financing. Financing through debt means borrowing financial resources from financial intermediaries. It includes loans by banks, which may be limited, and microfinance by non-governmental organizations and specialized commercial banks, which can better target the small and poor entreprenuers.[18] Private equity is investment made in the form of unregistered equity securities of private and public companies. It is a potentially rich source of finance for women-owned business as well as a means of obtaining entrepreneurial expertise and guidance. The instruments for finance most commonly sought by women are bank and government loans, in spite of a wider range of existing instruments.

A. Bank financing

31. Traditional bank financing remains, in spite of the above-mentioned obstacles, the most commonly sought source of finance for women entrepreneurs in developed countries. In several countries, banks have become increasingly interested in providing women with financial services. In almost all cases, banks carry out their own research to learn more about women-owned firms, their performance as borrowers and their financial needs.

32. In Ireland, the Bank of Ireland has undertaken several initiatives to mainstream gender issues and level the playing field for women entrepreneurs and improve their access to finance. In the United States, a number of banks have sought to target women-owned businesses as clients by forging alliances with women entrepreneurs' associations. In Australia, Westpac Banking Corporation has taken a multipronged

approach to assisting women entrepreneurs. It consists of a number of initiatives for staff, women entrepreneurs, and young women who may become entrepreneurs. Another project, the Women Entrepreneurs Project, aims to increase awareness of European women entrepreneurs' financing needs and bring together financial institutions and women entrepreneurs. The Royal Bank of Canada has taken a comprehensive approach to serving the market of women entrepreneurs. It includes training programmes for staff, support to women's business conferences and organizations, and the development of specialized credit and financial services for women-owned firms.[19] Finally, over the next five years, Fleet Boston (United States) plans to spend $2 billion to train and provide loans to women entrepreneurs. The bank's objective is to help women entrepreneurs overcome their financial problems and showcase their global economic contribution.[10]

33. In developing countries, the Metropolitan Bank of Zimbabwe has launched a new product — Metwomen — which lends up to $200,000 to women who want to start businesses without asking for collateral. To access the Metwomen funds, the bank requires a project proposal and a cash flow programme. For those already in business, the Bank will carry out site visits to establish the viability of the business. In spite of the above-mentioned efforts, just 39 per cent of businesswomen, compared to 52 per cent of men, have commercial loans.[10]

B. Microcredit

34. In developing countries, the impediments to accessing formal credit are such that bank loans for women entrepreneurs are not always available. Microfinance institutions (MFIs) are the most significant source of financial services for women entrepreneurs.

35. Many microcredit programmes target women in particular. They provide small enterprises and microenterprises with micro loans and other financial assets. They often offer training activities for prospective entrepreneurs. Microcredit and microfinance projects have become popular poverty alleviation strategies.

36. Microcredit strategies help to remove the obstacles faced by women when trying to get a loan — namely, lack of collateral, credit history or previous entrepreneurial or management experience. Such strategies typically rely on solidarity group lending mechanisms to overcome informational problems, such as adverse selection and moral hazard,[20] associated with lending to high-risk borrowers, by allowing self-selection of the group and by making each group jointly liable for all its members' loans. The use of these time- and cost-saving incentives allows MFIs to reach many clients who would not have access to credit in a traditional bank.

37. As of August 1999, 925 microcredit programmes reported that they had reached 13 million poor people around the world. This represents a 50 per cent increase over the 8 million people reached by 625 microcredit programmes in 1997. However, it is estimated that existing microcredit institutions reach less than 2 per cent of the 500 million microentrepreneurs worldwide.[21]

38. There is an ongoing debate as to whether microfinance, which includes all services offered by MFIs, makes a meaningful difference to poor participants, women in particular.[22] On the positive side, there are many cases of women, particularly in programmes targeting women entrepreneurs, who used the loan, invested it in income-generating activities and, with time, increased incomes that they themselves controlled. That led to their empowerment, improvement in the living conditions of their families, and even spillover effects to other women in the same community. However, in other cases, women were simply used as low-cost and reliable intermediaries between programme staff and male family members, and they had little or no control over the use of their loans. There were also cases, predominantly in Africa, where women used loans for their own business in traditionally female areas — for example, embroidery, basketmaking etc. — with low investment and low returns. That led to low incomes, greater burden of work and repayment pressures, and it neither improved significantly their economic status nor increased their bargaining power in the household.

39. It has been acknowledged that microcredit programmes can be a viable poverty alleviation strategy, but they require gender-sensitive programming and management in order to empower women. Women's need for financial resources that go beyond credit — for example, savings mobilization and insurance — is often not taken into consideration in

microcredit programmes. Thus, it is important not to focus solely on microcredit and neglect issues of access to other financial services and the objective of attaining financial sustainability.

C. Equity financing

40. Another form of financing private enterprises is equity capital. This form of finance is becoming increasingly common for small firms seeking external finance, as capital markets become more developed and efficient in facilitating the flow of money from private investors to entrepreneurs. Given the nature of many women-owned firms (i.e., small firms mostly in the service sector), having intangible assets and often more subject to volatility, equity capital may be an appropriate means of finance. Furthermore, the guidance, mentoring, management advice, and monitoring that accompany equity investments can prove extremely valuable for women without previous entrepreneurial experience. This means of financing is growing rapidly in North America and Europe, but women entrepreneurs often do not take advantage of it. Besides the usual barriers relating to the size and sector of women-owned firms and the limited participation of women in the financial sector, a major obstacle seems to be their lack of knowledge. The above-mentioned OECD survey reveals that information gaps among women entrepreneurs lead to their low demand for equity financing.[13]

41. Several new initiatives have been taken in the United States to bridge those gaps. For example, venture capital funds, a category of equity financing, are showing increased interest in women-owned businesses and investment opportunities. Spearheaded by the National Women's Business Council and in collaboration with women's business organizations and corporate technology partners, Springboard 2000 is part of an initiative to accelerate women's access to the equity markets as both entrepreneurs and investors. It is designed to increase the investment channels for women entrepreneurs and facilitate investment in women-led firms by corporate and venture investors across the United States. In addition, since the early 1990s, several private or semi-private capital funds focusing specifically on women entrepreneurs have been created.[13]

D. Savings and insurance services

42. Savings and insurance services are the financial services most requested by the poor because of their fundamental function in smoothing consumption. When formal saving institutions are available, poor people build deposits to accumulate for future investment, to gain easier access to credit and to insure against unforeseen emergencies. Experience in both developed and developing countries has shown the enormous saving potential of small and micro entrepreneurs.

43. Greater access of women to the savings market contributes to the improvement of the situation of women entrepreneurs. Savings can finance investment in the firm directly or through its leverage power when entering the credit market, by providing collateral and by improving the credit worthiness of the applicant.

44. Given their divergent social and economic circumstances, women and men display different savings patterns within and outside the household. Women's savings may come from remittances from migrant workers or from sales of cash crops and small and micro enterprises. Effective, gender-sensitive savings mobilization requires a broader understanding of gender-specific roles, needs and constraints. Existing literature on the subject suggests that there are gender differences in saving decisions as well as in risk attitudes in both developed and developing economies.[23] These studies also show that the options and constraints that women face differ from those of men and, hence, their savings behaviour may also differ. Several studies, particularly of informal savings groups among women in different countries, argue that the general propensity to save among poor women is stronger than among their male counterparts.[24]

45. Financial institutions fail to provide adequate savings facilities to poor women mainly because they do not understand them. Bankers, for example, normally assume that the interest paid on savings will always be a major incentive for people to save. However, available data show that for many women, particularly in poor households, the security of their savings and access to credit are more important savings inducements. Other concerns such as the privacy of accounts and proximity and easy access to deposited funds are also crucial.[25]

V. Women's access to information

46. Women entrepreneurs need to be aware of the range of financial resources and instruments that are available. Information and communication technologies (ICT) are a powerful tool for providing information on the availability of the range of financial resources and instruments. By increasing information on credit and savings markets, competition increases among suppliers of financial services. ICT also make it less costly for financial institutions to acquire information about their clients and to reach them. Thus, the choices of the clients increase, and the prices of financial services decline. In addition, ICT increase the number of products available on the financial markets — for example, the introduction of smart cards and on-line loans in both developed and developing countries. It has been noted that when information is available to them, women seem to be receptive to financial innovations.

47. The increasing use of the Internet for business-to-business and business-to-consumer transactions offers significant opportunities for women entrepreneurs in financing their businesses. Some women feel that on-line applications may have implications for women entrepreneurs by reducing the possibility of discrimination along gender lines during the application review process. There is some evidence that women entrepreneurs have stated a higher propensity to use on-line banking than their male counterparts.[13]

48. However, a gender gap exists within the digital divide in developed and developing countries.[26] Men make up 87 per cent of Internet users in Ethiopia, 83 per cent in Senegal, 70 per cent in China, 67 per cent in France and 62 per cent in Latin America.[27] Women's access to ICT is still very limited. Lack of access increases women's exclusion from financial resources and business opportunities. What is required is investment in ICT, and in education and training, with special attention to women.

VI. Empowerment of women

49. Economic development at the national and international levels should aim to improve the economic situation of both women and men. With regard to women, it is not sufficient to provide microcredit programmes aimed at subsistence. Microcredit programmes and small business ventures should be seen as catalysts to empower women and move them from subsistence activities to more established entrepreneurial ventures.

50. Empowerment implies that women are given the entitlements and capabilities to improve their situation and increase their participation at all levels in society. The lack of women's access to financial resources, which excludes some women from economic, social and political opportunities, can lead to their disempowerment. In addition, exclusion increases their chances of experiencing extreme poverty. It is believed that empowerment strategies must intervene at the level of women's condition while also transforming their position.[28]

51. It has been acknowledged that the provision of financial services to women is insufficient if empowerment strategies are not an integral part of the service delivery. Governments, the private sector and financial institutions should consider the short-term and long-term goals of women's access to financial services. Education and training, particularly as regards ICT, are essential for gender equality, women's empowerment and poverty eradication.

52. The World Bank report *Engendering Development: Through Gender Equality in Rights, Resources and Voice*[29] states that economic development will eventually lead to increased gender equality but that the development of an institutional environment that provides equal rights and opportunities for women and men and policy measures that address persistent inequalities will be essential conditions. In particular, the report points out that service delivery must be designed to facilitate equal access. Service institutions — inter alia, financial institutions — can promote gender equality in access to productive resources if they are designed to account for gender differences and disparities. For example, group-based lending programmes that substitute physical capital for traditional collateral, such as land or financial capital (which women often lack), have increased women's ability to obtain credit.

53. The development of financial services that serve women on a major scale will require the provision of integrated savings, insurance and credit services in an easily accessible form and the inclusion of women in leadership, planning and decision-making.[30]

VII. Conclusions and policy recommendations

54. The number of women-owned businesses has steadily increased worldwide. Women-owned small enterprises and microenterprises are increasingly contributing to the economic and social development of their countries, in the context of the recent changes brought about by globalization. However, women's contributions are limited by the constraints that women entrepreneurs face in accessing financial resources. Therefore, developing accessible financial mechanisms responsive to the needs of women entrepreneurs is imperative for Governments, non-governmental organizations and financial institutions in general.

55. In order to encourage women entrepreneurs to explore more profitable business fields, in particular in non-traditional areas, Governments and entrepreneurial associations should facilitate access of young women and women entrepreneurs to education and training in business, administration and information and communication technologies (ICT). They should also provide women entrepreneurs with information on market conditions and on existing financing possibilities.

56. Governments should fully apply all relevant human rights instruments, such as article 13 of the Convention on the Elimination of All Forms of Discrimination against Women, on measures to eliminate discrimination against women with regard to the right to bank loans, mortgages and other forms of financial credit. Particular attention should be given to poor, uneducated women who require proper legal assistance in this respect.

57. Data, disaggregated by sex, on differential access to financial resources, are a prerequisite to effective policy formulation, needs and implementation and service delivery. Governments should sponsor systematic research and data collection on women's financial needs, preferences and access to financial services.

58. Such comprehensive data, as well as the opinions of women's groups, female scholars and entrepreneurs, assessed through consultation, should be taken into account by Governments and parliaments in the formulation of new laws and regulations on access to financial resources and in changing existing laws that contravene the principle of equality between women and men.

59. Governments should encourage banks and other financial intermediaries to:

(a) Explore viable venues to reach people living in poverty, in particular women, including through international public/private partnership funds;

(b) Design savings schemes attractive to the poor and to poor women in particular;

(c) Undertake research to learn more about the characteristics, financial needs and performance of women-owned businesses;

(d) Work towards equal treatment of women clients, through comprehensive gender-awareness training for staff at all levels, and better representation of women in decision-making positions.

60. In view of the accelerating changes in the global economy, all aspects of financing for development should be examined from a gender perspective in order to ensure women's access to financial resources. Specific constraints women face in gaining equality in property rights and access to productive resources, credit and financial services, social protection and entrepreneurship support should be taken into consideration. Governments should design, in consultation with the private sector and non-governmental organizations, gender-sensitive policies and programmes at the micro and macro levels.

Notes

[1] *World Survey on the Role of Women in Development: Globalization, Gender and Work* (United Nations publication, Sales No. E.99.IV.8).

[2] *Report of the Fourth World Conference on Women, Beijing, 4-15 September 1995* (United Nations publication, Sales No. E.96.IV.13), chap. I, resolution 1, annex II.

[3] See General Assembly resolution S-23/3 of 16 November 2000, annex.

[4] See "Social dimensions of macroeconomic policy", report of the Executive Committee on Economic and Social Affairs of the United Nations, New York, 22 June 2001 (ECESA/4). The Task Force on Gender and Financing for Development within the ACC Interagency Meeting on Women and Gender Equality was established in October 2000.

[5] United Nations Development Programme, *Choices for the Poor* (New York, Oxford University Press, 2001).

[6] There is no consensus in the literature on the definition of small enterprises and microenterprises. In general, microenterprises are very small entities, sometimes composed of the entrepreneur alone. Small enterprises are more structured but still on a small scale. Definitions have been provided by the World Bank and the International Labour Organization, among others.

[7] For example, 99.7 per cent of Egypt's non-agricultural private enterprises have fewer than 50 employees; the majority have fewer than 10 and many less than four. They provide 80 per cent of the growth generated by the private sector (*The Economist*, "Survey of Egypt", 18 March 1999). In the United States, microbusinesses with from one to four employees generated 43 per cent of the new jobs created from 1990 to 1994 (Declaration and Plan of Action of the Microcredit Summit, Washington, D.C., 2-4 February 1997 (A/52/113, annex I, p. 13)).

[8] The private sector consists of the formal and the informal sector. Private-formal usually consists of registered businesses. Private informal consists of non-registered businesses.

[9] *World Survey on the Role of Women in Development* ...

[10] See Women's Business Research Center (online wbc.org or www.nfwbo.org).

[11] Information released by Bloomberg Business News, 20 June 2001.

[12] See, for example, World Bank, *Engendering Development* (New York, Oxford University Press, 2001), pp. 156-157; and United Nations Development Programme, *Human Development Report* (New York, Oxford University Press, 1996), p. 69.

[13] See "Financing for women-owned businesses", Background paper for workshop No. 3 of the Second OECD Conference on Women Entrepreneurs in SMEs: Realising the Benefits of Globalisation and the Knowledge-based Economy (Paris, 29-30 November 2000). See www.oecd.org/dsti/sti/industry/smes/act/women2000.

[14] Ibid.

[15] See "Report of the Expert Group Meeting on the Situation of Rural Women within the Context of Globalization" (4-8 June 2001, Ulan Bator, Mongolia) (EGM/RW/2001/Report). For a discussion on rural credit, see Debraj Ray, *Development Economics* (Princeton, Princeton University Press, 1999).

[16] "Financing for women-owned businesses" ...

[17] In many countries (e.g., Australia, United States and Canada), the majority of women start their business with less than US$ 10,000, contributing to the tendency to concentrate in sectors requiring little capital at the start-up.

[18] There exist also a wide variety of innovative, informal savings and credit clubs that women, as well as men, tend to create among themselves. For a description, see the 1999 edition of *World Economic and Social Survey*, (United Nations publication, Sales No. E.99.II.C.1), chap. VII. In the rural sector, another framework that enables women to access credit without collateral is women's agricultural and income-generating cooperatives.

[19] "Financing for women-owned businesses" ...

[20] Moral hazard and adverse selection occur when there is asymmetric information between the two agents involved in a deal: here, the borrower and the lender. Moral hazard takes place when the borrower can take actions in her interest and not in that of the lender and the latter has no way to detect it. Adverse selection occurs because the price of defaulting for bad borrowers is lower than for good ones. Thus the proportion of bad borrowers in the pool of borrowers increases and with it the likelihood for the lender to pick a bad borrower.

[21] See Microcredit Summit Campaign (www.microcreditsummit.org).

[22] Amin Ruhul, Abdul Bayes and Stan Becker, "Microcredit and women's empowerment", in *Journal of Developing Areas*, vol. 32, No. 2 (winter 1998); Linda Mayoux, "Micro-finance and the empowerment of women: a review of the key issues" ILO working paper No. 23 (www.ilo.org/public/english/employment/finance/papers/mayoux.htm).

[23] Maria Floro, "The gender dimensions of the financing for development agenda". Working paper prepared for the United Nations Development Fund for Women (www.unifem.undp.org/ffd/ffd-documents).

[24] Cheryl Doss, "Women's bargaining power in household economic decisions: evidence from Ghana". Staff Paper series, Department of Applied Economics, University of Minnesota (1996); Monica Fong and Heli Perrett, "Women and credit". Paper prepared for the FINAFRICA Foundation, Milan. Cooperation and Development Series No. 23 (1991) (www.fdga.org).

[25] Maria Floro, op. cit.

[26] In 2003, the Commission on the Status of Women will consider the topic "Participation and access of women to the media, and information and communication technologies and their impact on and use as an instrument for the advancement and empowerment of women", as adopted in its new multi-year programme of work for the period 2002-2006.

[27] United Nations Development Programme, *Human Development Report* (New York, Oxford University Press, 2001).

[28] Savitri Bisnath and Diane Elson "Women's empowerment revisited" in *Progress of the World's Women, 2000.* Published by the United Nations Development Fund for Women (www.unifem.undp.org/progressww/2000).

[29] New York, Oxford University Press, 2001.

[30] Maria Floro, op. cit.